

Message Text

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PAGE 01 CARACA 12143 111515Z

41

ACTION ARA-10

INFO OCT-01 EUR-12 ISO-00 NEA-06 CIAE-00 DODE-00 PM-03

H-01 INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01

SP-02 SS-15 USIA-06 AEC-05 AID-05 CEA-01 CIEP-01

COME-00 EB-07 FEAE-00 FPC-01 INT-05 OMB-01 SAM-01

OES-03 STR-01 TRSE-00 FRB-01 /103 W

----- 025818

R 102051Z DEC 74

FM AMEMBASSY CARACAS

TO SECSTATE WAHSDC 6886

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY OTTAWA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR 245

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L CARACAS 12143

DEPT PASS OPEC CAPITALS

E.O. 11652: GDS

TAGS: ENRG, OCON, VE XK

SUBJECT: VENEZUELAN PETROLEUM AND FINANCIAL ARRANGEMENTS

FAVORING AT LEAST CENTRAL AMERICAN LDS'S; POSSIBLE

APPLICABILITY TO US/CANADIAN RELATIONS

1. DURING LAST WEEK'S CELEBRATION AT GUMANA WHICH IS REPORTED ELSEWHERE AND WHICH WAS OFFICIALLY DECLARED FOR 24 HOURS "CAPITAL OF VENEZUELA", I SAW ALL OF THE MINISTERS OF THE VENEZUELAN GOVERNMENT OTHER THAN THE THREE WHO ACCOMPANIED PRESIDENT PEREZ TO LIMA.

2. THE POWERFUL MINISTER OF FINANCE HECTOR HURTADO ASKED ME RHETORICALLY "WHY DOES NOT THE UNITED STATES ASK CANADA TO DO AS
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PAGE 02 CARACA 12143 111515Z

VENEZUELA WILL DO WITH ITS PETROLEUM MONEY?"

3. I SAID I DID NOT KNOW WHAT VENEZUELA INTENDED BUT ASKED IF, WHEN THE CENTRAL AMERICAN PRESIDENTS MEET AT THE END OF THIS WEEK IN CIUDAD GUAYANA, IT WERE NOT CORRECT TO SURMISE THAT MONEY AND OIL WOULD BE THE TWO PRINCIPAL TOPICS. TO THIS THE FINANCE MINISTER REPLIED AFFIRMATIVELY.

4. I ASKED HIM RE CANADA WHAT HE MEANT BY "APPLY THE VENEZUELAN FORMULA TO THAT COUNTRY." HE REPLIED WITH LESS PRECISION. APPARENTLY WHAT HE HAS IN MIND IS THAT VENEZUELA WILL BE WILLING TO GRANT FAVORABLE FINANCIAL CONDITIONS TO THE CENTRAL AMERICAN COUNTRIES BY WHICH THEY IN RETURN CAN PURCHASE HIGH PRICED VENEZUELAN OIL, AND THAT EVENTUALLY LONG-TERM ARRANGEMENTS WITH REGARD TO OTHER INVESTMENTS WILL LIKEWISE BE REACHED. HOW THIS APPLIES TO CANADA, I DO NOT KNOW AND WOULD DOUBT. HOWEVER, THE MINISTER ADDED THAT NEW OIL AND FINANCIAL RELATIONSHIPS SHOULD BE MULTINATIONAL AND NOT BILATERAL.

5. HURTADO INDICATED THAT FINANCE MINISTERS OF OPEC NATIONS ARE SCHEDULED TO MEET IN CARACAS NEXT MARCH.
MCCLINTOCK

NOTE BY OC/T: NOT PASSED OPEC CAPITALS.

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